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C O N F I D E N T I A L SECTION 01 OF 03 BEIRUT 000884

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SUBJECT: LEBANON: CABINET FORMATION PROGRESSING; AOUN
"SOFTENING" HIS POSITION ON KEY MINISTRIES

REF: A. BEIRUT 733
1B. BEIRUT 849
1C. BEIRUT 822
1D. BEIRUT 799
1E. BEIRUT 838

Classified By: Charge d'Affaires a.i. Michele J. Sison for reasons 1.4
(b) and (d).

SUMMARY

11. (C) On day 16 of cabinet consultations, political leaders continue their horsetrading over ministerial seats and most contacts from both the March 14 majority and the March 8/Aoun opposition tell us they are hopeful that the cabinet will be formed relatively quickly. PM-designate Fouad Siniora submitted a draft cabinet proposal on June 8 that presents two sets of portfolios from which the opposition could choose. In Siniora's formulation, President Michel Sleiman will appoint candidates of his choosing for the Interior and Defense Ministries, and the opposition and majority will each select one minister for the other two sovereign ministries, Finance and Foreign Affairs.

12. (C) Many of our contacts from March 14 accuse Free Patriotic Movement leader Michel Aoun of obstructing the process with his demand for a sovereign ministry for his party, but as of June 12 Aoun appears to be softening his position. Competition within the majority for its three Maronite seats has been an issue but seems to be decreasing, as Kataeb (Phalange) leader Amine Gemayel and Lebanese Forces leader Samir Geagea have purportedly relinquished their personal aspirations for a seat. Meanwhile, Hizballah MPs have been prolific in their public endorsement for forming a cabinet as soon as possible and implementing the Doha agreement. End summary.

NO RUSH TO FORM
CABINET THIS WEEK

13. (C) On day 16 of consultations to form the next cabinet, the alarm bell has not yet bee sounded; as Parliament Speaker Nabih Berri's advsor Ali Hamdan noted to us, it took nearly threeweeks to form the previous cabinet in 2005. Berri's brother, Mahmoud Berri (mentioned as possible Minister of Foreign Affairs, though he told us June 12 he is not interested in a cabinet position) speculated that neither the majority nor Hizballah are anxious to form a cabinet.

According to Mahmoud Berri, the majority is satisfied that a president has been elected and its caretaker ministers still control the key ministries, while Hizballah is interested in delaying formation to stave off a discussion on its arms, stipulated in the Doha agreement (Ref A). Mahmoud personally believes the regional conditions are not ripe for a cabinet formation and hopes, at best, to have "a quiet summer."

¶4. (C) Druze leader Walid Jumblatt is more concerned about the timing, telling the Charge on June 11, "The longer it takes, the worse the impression is." He also expressed his concern that a drawn-out process could foretell problems in drafting the eventual ministerial statement.

¶5. (C) PM-designate Fouad Siniora's advisor, Mohammed Chatah, thought it unlikely that a cabinet would be formed by June 16 (three weeks after the election of President Sleiman). Caretaker Justice Minister Charles Rizk and Free Patriotic Movement (FPM) MP Walid Khoury separately told the Charge they expected the process to continue for some time. However, some believe the June 14 visit of the nephew Qatari PM and FM Sheikh Hamad bin Jassim portends an imminent decision on cabinet formation. (Note: The nephew will be in Beirut to attend the wedding of Speaker Berri's daughter; however, rumors have it that he is bringing money to buy off Aoun. End note.)

SINIORA'S DRAFT CABINET

¶6. (C) According to Siniora's draft cabinet submitted to BEIRUT 00000884 002 OF 003

President Michel Sleiman and Speaker Berri on June 8, President Sleiman would appoint three ministers (two "sovereign" and one minister of state without a portfolio); the opposition would appoint eight ministers (including one sovereign and three ministers of state); and the majority would appoint 12 ministers (including one sovereign and four ministers of state). (Note: The four sovereign ministries are Interior, Defense, Finance, and Foreign Affairs, with Justice sometimes considered a close fifth. End note.) Of the 30 ministers planned for the next cabinet, seven of them will not have a portfolio. Siniora's draft is in accordance with the Doha agreement stipulating for a 16-3-11 division for the majority, president, and opposition.

¶7. (C) Siniora presented two possible lists of portfolios for the opposition. The first includes Finance, Public Works, Education, Displaced, Tourism, Environment, Sports and Youth, and Culture. The second includes Foreign Affairs, Energy, Justice, Economy, Industry, Agriculture, Social Affairs, and Health.

¶8. (C) In Siniora's draft cabinet proposal, two of the sovereign ministries, Defense and Interior, are reserved for the President. Incumbent Defense Minister Elias Murr remains the President's nominee for Defense (Ref B). Siniora's options, to which he purportedly is awaiting responses, imply that he is holding the Telecommunications, Labor, Information, and Administration ministries for the majority. This also indicates he is willing to relinquish Finance, which he has reportedly been reluctant to do (Siniora is a former Finance Minister).

SOVEREIGN MINISTRIES MOST CONTENTIOUS

¶9. (C) Many of our interlocutors in the majority, including former president and Kataeb (Phalange) leader Amine Gemayel, caretaker Social Affairs Minister Nayla Mouawad, and caretaker Telecommunications Minister Marwan Hamadeh, point to Aoun as the main obstacle. accuse Free Patriotic Movement (FPM) leader Michel Aoun of obstructing the process by insisting on a sovereign ministry for his party. However,

Siniora advisor Mohammed Chatah reported on June 12 after his meeting with Aoun the day before that Aoun is no longer demanding a sovereign ministry and is instead considering the "second tier" ministries.

¶10. (C) Jumblatt relayed that Aoun refused the Energy and Water Ministry for his party, even though, according to Jumblatt, "This is a perfectly good, influential ministry." (Comment: In fact, we suspect both sides see this as an unpopular choice because of the negative association with power outages that are increasing and with the debt-ridden state electricity firm, Electricite du Liban. End comment.)

¶11. (C) Ghattas Khoury, advisor to majority leader Saad Hariri, reporting on a June 11 meeting between Saad and Amal MP Ali Hassan Khalil, said he believes that Hizballah and Amal may pressure Aoun to give up his demand for a sovereign ministry. Khoury further said that President Sleiman may also persuade Aoun to consider making alternate requests.

¶12. (C) Aoun's advisor and son-in-law, Gebran Bassil, told us the June 11 meeting between Aoun and Siniora's advisor Mohammed Chatah went "extremely well," a sentiment echoed by Chatah on June 12. Bassil noted Siniora's flexibility in relinquishing portfolios "which have traditionally been controlled by the Hariri group since 1992, including the finance portfolio," while Chatah commented that "Aoun's desire for a relatively quick formation of a government is leading him to soften his position."

¶13. (C) Commenting that further discussion is necessary between all parties, Bassil said the FPM is proposing to distribute the four sovereign ministries according to the following formula: one for the President, and one to each of the strongest Sunni, Shia, and Christian parties (which translates to two sovereign ministries for the opposition).

MARONITES COMPETING

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FOR THREE POSITIONS

¶14. (C) Justice Minister Rizk and other interlocutors, as well as press reports, have indicated that Gemayel and Lebanese Forces leader Samir Geagea covet ministerial positions for themselves, thereby increasing competition for the six Maronite seats, three which are expected to be filled by March 14 (Refs C, D). Jumblatt told the Charge June 11 (and Geagea's advisor confirmed to us on June 12) that Geagea is asking for two cabinet seats for Lebanese Forces, which Jumblatt dubbed "unrealistic."

¶15. (C) However, Gemayel's son-in-law Michel Mecattaf told us on June 12 that Geagea has dropped his personal aspiration to become a minister in this cabinet, prompting Gemayel to drop his own demand. (Comment: Gemayel and Geagea's interest in cabinet seats has been intertwined due to internal March 14 Maronite jockeying for power -- either both or none seemed likely to get seats. Mecattaf, who is Catholic and therefore not competing for the Maronite seats, also shared that Saad informed him he will be a minister in the next cabinet. If true, this would meet Kataeb's demand for one ministerial seat. End comment.)

¶16. (C) Saad's advisor Ghattas Khoury lamented to Charge and DCM at a June 12 luncheon that Nayla Mouawad is being "troublesome" with her unmoving demand to retain the Social Affairs Ministry.

HIZBALLAH NOTHING BUT SUPPORTIVE

¶17. (C) Meanwhile, Hizballah has been busy issuing public statements of support for Doha. On June 8, Hizballah MP

Hussein Hajj Hassan called for a calming of tensions to pave the way for implementation of the Doha agreement. Similarly, on June 11, Hezbollah MP Mohammed Raad stressed the need to implement Doha, in particular, naming the electoral law amendments, and to form a cabinet "as soon as possible." Raad called on the government to "bear responsibility for managing national affairs and create a climate of confidence, partnership, and stability."

¶18. (C) Raad also said that Hezbollah has not yet received a response from Siniora on its proposal to trade two Shia ministers for one Sunni and one Druze, presumably the deal mentioned to us by Jumblatt whereby Jumblatt would appoint his Druze rival Talal Arslan as a minister without a portfolio, and the opposition in turn would allow Jumblatt to appoint independent Shia Ibrahim Shamseddine as a minister (Ref E).

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